



Canadian Forest Products Ltd.

Canfor Wood Products Marketing

August 6, 2010

TO: SURFACE TRANSPORTATION BOARD

SUBJECT: Docket No. EP290 (Sub-No. 4) *227591*
RAILROAD COST RECOVERY PROCEDURES -
PRODUCTIVITY ADJUSTMENT

Docket No. EP 290 (Sub-No. 5) (2010-2) *227592*
QUARTERLY RAIL COST ADJUSTMENT FACTOR

To whom it may concern:

First on behalf of Canadian Forest Ltd. (Canfor), we wish to thank the Surface Transportation Board (Board) for granting this extension and the American Association of Railroads (AAR) for their acceptance.

Canfor has taken this occasion to assess the request by the AAR for the Board to restate the previously published productivity adjustment for the 2003-2007 averaging period for the quarterly RCAF (Adjusted) and RCAF-5 calculations. The RCAF (Adjusted) index is used to calculate the annual adjustment factor in the Open Gateway Rate Matrix (OGRM) which provides former British Columbia Railway locations with some competitive options over their primary carrier the Canadian National Railway by providing the shipper/receiver with access to the BNSF, Canadian Pacific Railway and Union Pacific (15). Based on the revised productivity factors the re-stating of the 2003-7 averaging period would have a minimal impact on the historical rate levels. As this is the case and with the available information Canfor considers that the restating of the RCAF calculations is inconsequential and should therefore remain at the originally reported levels. If a quantifiable benefit could be brought forward then Canfor might be persuaded to reconsider this position.

Canfor appreciates this opportunity to provide input into the Board's deliberations on this matter.

Respectfully submitted,

Brian Knight
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Canadian Forest Products Ltd.

Cc: Bob Hayes